

The background of the entire page is an aerial photograph of a city skyline, likely Singapore, featuring numerous skyscrapers and a large body of water. In the foreground, there is a large-scale construction site with several tall cranes and a complex network of steel beams and concrete structures. The sky is filled with soft, white clouds.

KONE Interim Report for January–June 2010

July 20, 2010

President & CEO, Matti Alahuhta

Q2 2010: Overall strong development



| | | Q2/2010 | Q2/2009 | Historical change | 2009 |
|---|------|---------|---------------------|----------------------|---------------------|
| Orders received | MEUR | 1,042.8 | 953.9 | 9.3% | 3,432.4 |
| Order book | MEUR | 3,933.7 | 3,754.1 | 4.8% | 3,309.1 |
| Sales | MEUR | 1,258.9 | 1,168.6 | 7.7% | 4,743.7 |
| Operating income | MEUR | 175.7 | 146.3 ¹⁾ | 20.1% | 600.3 ²⁾ |
| Operating income | % | 14.0 | 12.5 ¹⁾ | | 12.7 ²⁾ |
| Cash flow from operations (before financial items and taxes) | MEUR | 201.7 | 201.1 | | 825.1 |

1) Operating income, including the one-time cost of EUR 33.6 million related to the fixed cost adjustment program, was EUR 112.7 million.

2) Operating income, including the one-time cost of EUR 33.6 million related to the fixed cost adjustment program, was EUR 566.7 million.

January–June 2010: Excellent development results in an upgraded outlook

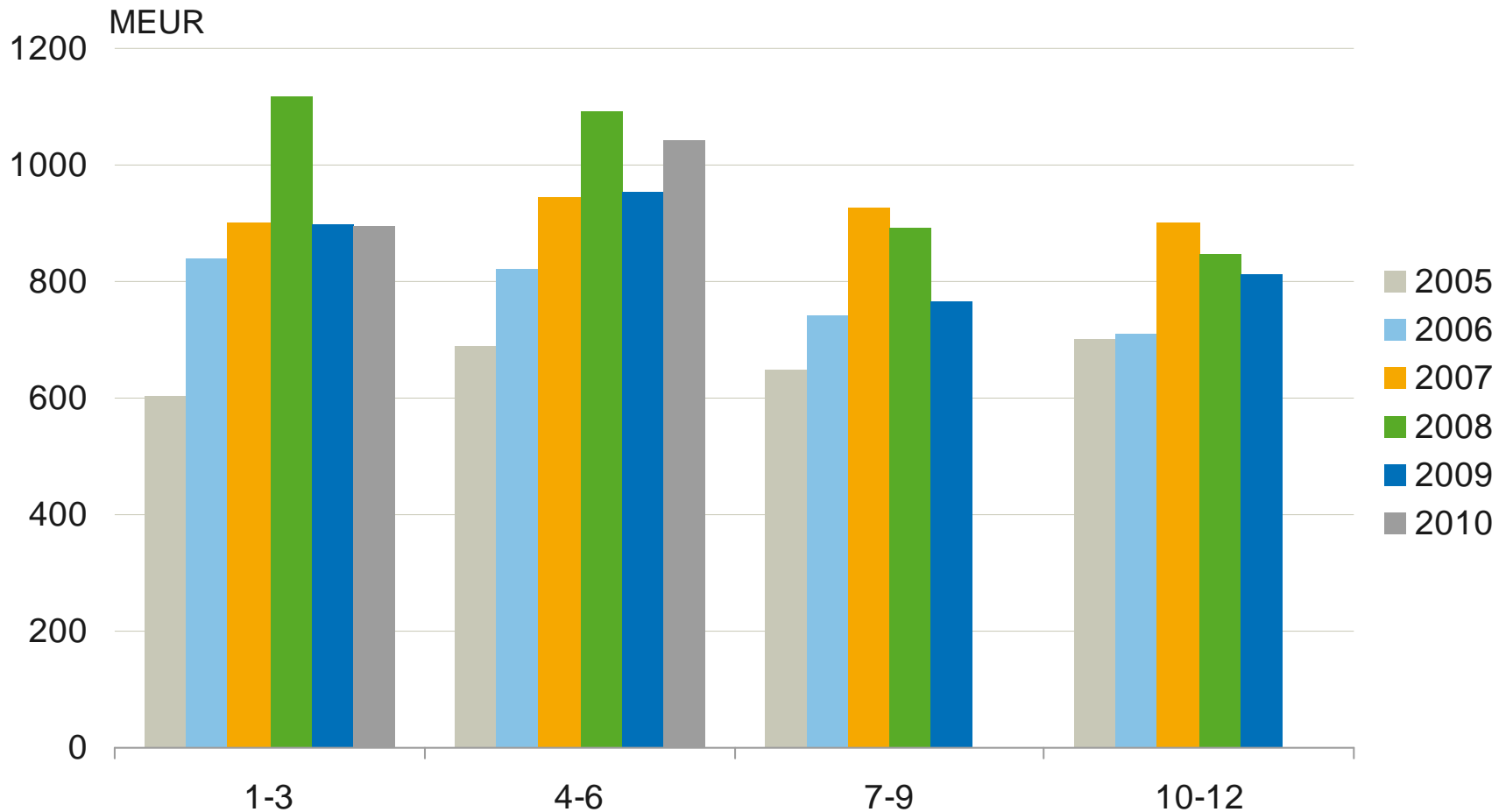


| | | 1–6/2010 | 1–6/2009 | Historical change | 2009 |
|---|------|----------|---------------------|-------------------|---------------------|
| Orders received | MEUR | 1,937.5 | 1,852.4 | 4.6% | 3,432.4 |
| Order book | MEUR | 3,933.7 | 3,754.1 | 4.8% | 3,309.1 |
| Sales | MEUR | 2,261.9 | 2,189.6 | 3.3% | 4,743.7 |
| Operating income | MEUR | 284.3 | 237.5 ¹⁾ | 19.7% | 600.3 ²⁾ |
| Operating income | % | 12.6 | 10.8 ¹⁾ | | 12.7 ²⁾ |
| Cash flow from operations (before financial items and taxes) | MEUR | 419.3 | 371.4 | | 825.1 |

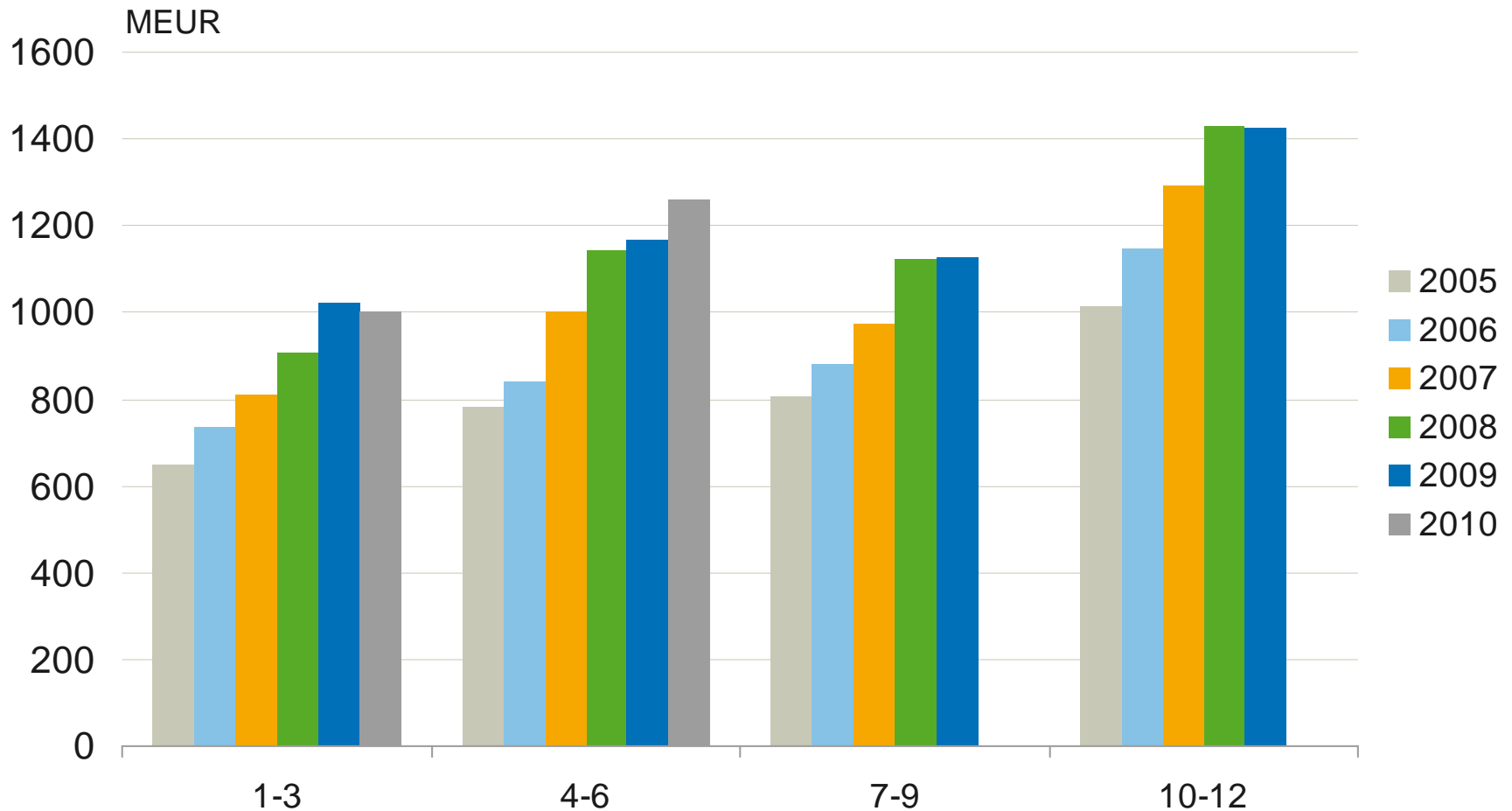
1) Operating income, including the one-time cost of EUR 33.6 million related to the fixed cost adjustment program, was EUR 203.9 million.

2) Operating income, including the one-time cost of EUR 33.6 million related to the fixed cost adjustment program, was EUR 566.7 million.

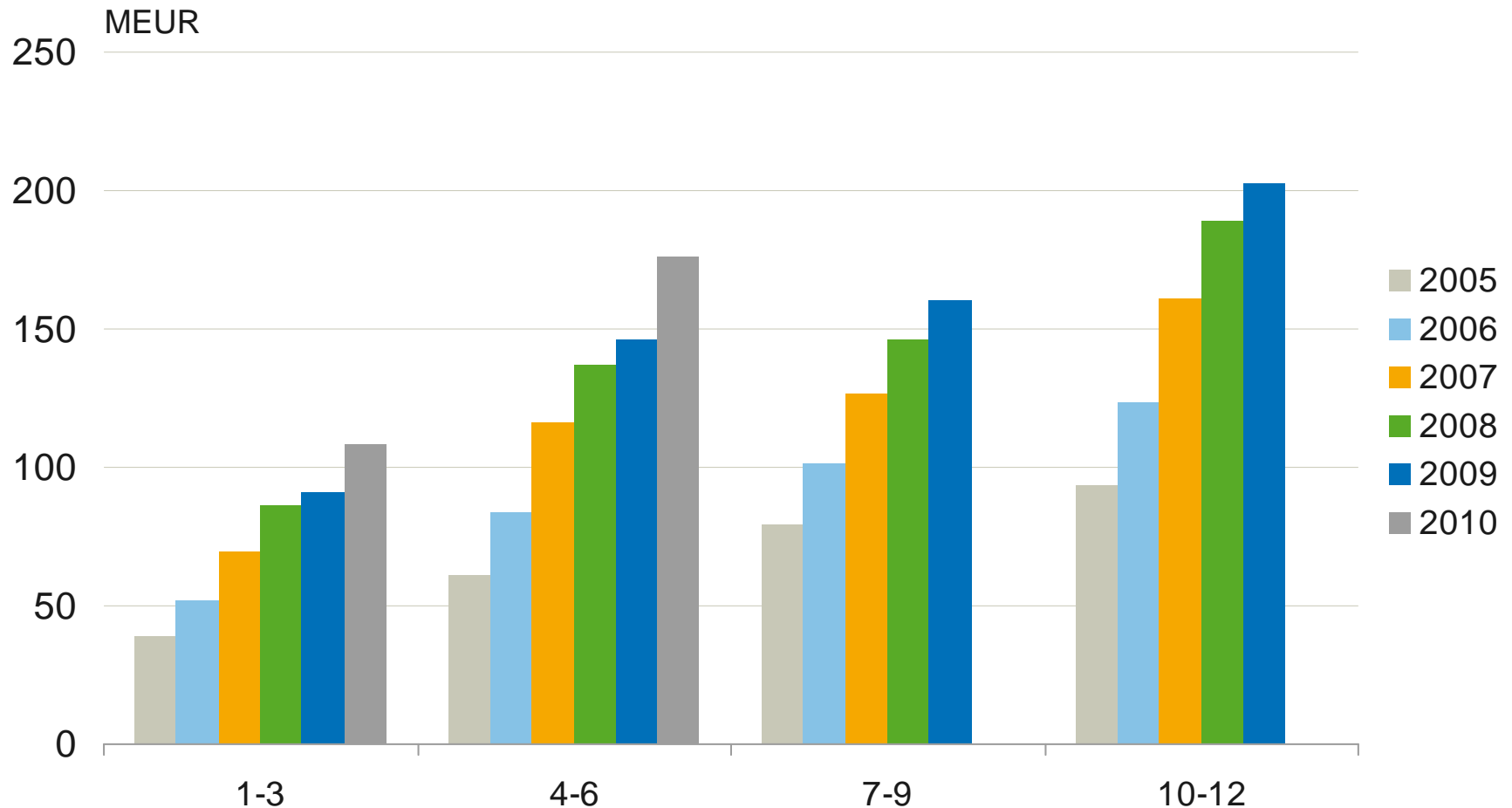
Q2 2010: Strong level of orders received in Asia-Pacific, EMEA also at a good level



Q2 2010: Good sales growth due to good progress in new equipment and maintenance



Q2 2010: Strong growth in operating income driven by good operational performance

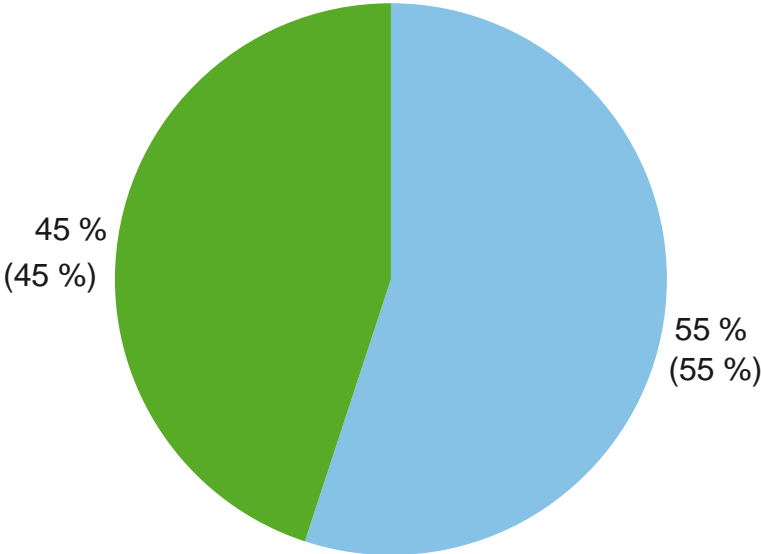


Note : Operating income excluding one-time items

January–June 2010: Continued growth in Asia-Pacific

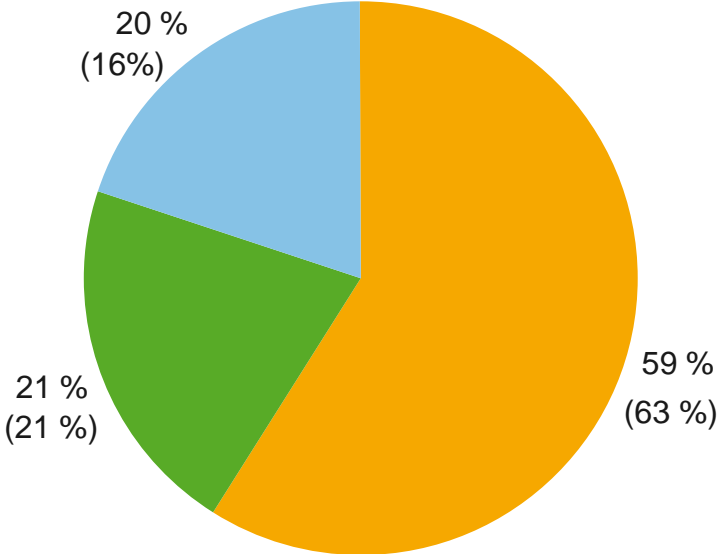


Sales by business



■ Service ■ New equipment

Sales by market



■ EMEA ■ Americas ■ Asia-Pacific

Q2 2010: The market situation was mixed in EMEA



- Maintenance markets developed well, but remained very competitive.
- Modernization markets were quite stable.
- New equipment markets
 - Markets stabilizing in most countries. Growth in the residential markets in Germany, the UK, Sweden, Finland and Poland.
 - Southern European markets remained weak. Decline in Spain continued. The commercial segment was burdened by high vacancy rates.
 - Markets in the Middle-East, particularly in Abu Dhabi and Saudi Arabia, developed positively.

Q2 2010: The new equipment markets in the Americas stabilized at low levels, but remained uncertain



- Maintenance markets developed relatively well, but were very competitive.
- Modernization activity increased somewhat in the United States and remained stable in Canada.
- New equipment markets
 - Even though the new equipment market started to show signs of stabilization in the US, it remained challenging and uncertain. Tendering activity in infrastructure and publicly funded projects improved.
 - In Canada, the new equipment market continued to recover and was rather active.
 - In Mexico, recovery progressed, albeit slowly.

Q2 2010: Rapid growth in Asia-Pacific



- Modernization and maintenance markets continued to develop favorably.
- New equipment markets
 - In China, all segments continued to grow.
 - In India, tendering activity continued to grow in the residential segments, affordable housing in particular.
 - In Australia, tendering activity decreased due to financing constraints.
 - In Southeast Asia, market activity increased with the residential segment developing particularly well.

Our development programs and a mindset focusing on market opportunities continued to drive performance



- Customer Focus
- People Flow Solutions
- Operational Excellence
- Environmental Excellence
- People Leadership

Market outlook 2010 (specified)



- The new equipment markets in Asia-Pacific are expected to continue to grow, albeit at a lower rate than during the first half of the year. In EMEA and North America, the markets have started to stabilize, but the market environment remains uncertain and recovery is expected to be slow.
- The modernization markets are expected to be at about last year's level.
- The maintenance markets are expected to continue to develop well, but remain very competitive.

Outlook 2010 (upgraded)



- KONE's net sales is estimated to be at approximately the same level as in 2009.
- The operating income (EBIT) is estimated to be in the range of EUR 630–660 million.



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